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SICO: A MOSAIC OF SKILLS



MISSION

Sico inc. manufactures and sells paints and coatings designed to decorate, protect, renovate and maintain consumer goods as well as industrial customers' products and equipment.

Sico inc. has chosen to become a world-class supplier whose primary market is North America. Concerned with its internal and external environment, its profitability will be higher than the industry average.

Sico inc. offers products whose recognized superior quality, effectiveness and reliability are rooted in the use of sophisticated technologies and innovative marketing strategies characterized by its response and adaptability to customers' changing needs.



PROFILE

Founded in 1941, Sico inc. is the leading Canadian-owned manufacturer of architectural paints and specialty coatings, with sales of \$207 million and some 775 employees.

Undisputed leader in the architectural coatings industry in Quebec, the Company seeks to further increase its share of the Canadian market every year, by offering innovative, high-performance and top-quality architectural products manufactured at its three plants in Quebec and Ontario. Through an extensive customer base of retailers extending across the country, the Company offers consumers a full range of latex and oil-based paints as well as wood stains, varnishes, caulking, adhesives and other related products under its various brand names and the private labels of several major retail chains. In addition, Sico's Professional Sales sector supplies and markets a diversified line of specialty products and services designed to meet the needs of building maintenance and painting professionals.

Sico's architectural paints and specialty products are sold in more than 2,000 retail outlets across Canada and in the Northeastern United States, including the 13 Hancock stores operated by Sico in the Boston region.

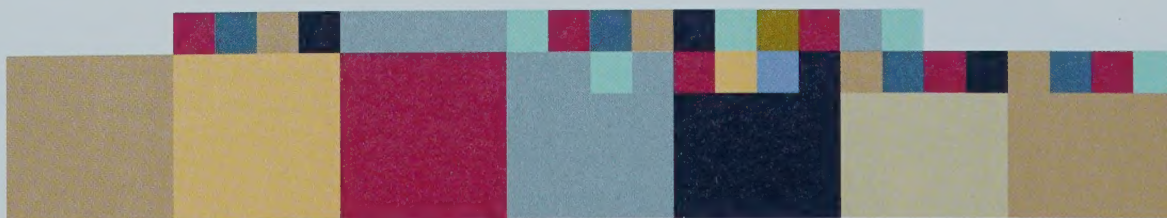
Sico also specializes in the development, manufacture and world-wide marketing of high-technology coatings for metal industrial components. The Company's Industrial Products Division, which operates one plant in Quebec and one plant in Ontario, focuses on the development of environmentally friendly and high performance coating technologies, intended mainly for specialized equipment manufacturers, as well as the railway, aerospace, road transportation and off-road equipment industries. Having earned a solid reputation as a world-class supplier, Sico's Industrial Products Division has established a strategic presence in Canada, the United States, Mexico and Europe, and is currently moving into China.

FINANCIAL HIGHLIGHTS

Years ended in December

(in thousands of dollars, except per-share amounts and ratios)

	2000	1999	1998	1997	1996
Sales	206,934	214,057	206,086	195,506	185,334
Earnings before depreciation, amortization, interest and income taxes	19,873	22,655	16,321	16,848	12,540
Earnings before interest and income taxes	14,730	16,873	11,000	11,253	7,453
Net earnings	7,570	9,056	6,156	5,743	2,287
Funds generated by operations	14,030	14,907	11,067	12,828	7,779
Working capital	33,809	33,471	24,395	19,033	14,857
Current ratio	2.09:1	2.09:1	1.70:1	1.52:1	1.43:1
Net fixed assets	38,820	32,173	34,876	35,775	35,935
Total assets	122,242	104,792	102,844	101,728	96,989
Long-term debt and current portion	30,196	15,000	15,044	20,185	24,059
Shareholders' equity	55,390	50,288	43,093	38,227	33,678
Total indebtedness net of cash	40,421	25,180	33,643	28,850	40,429
Total net indebtedness ratio	0.73:1	0.50:1	0.78:1	0.75:1	1.20:1
Average number of common shares outstanding (in thousands)	5,128	5,133	5,108	5,044	5,032
Per common share					
Earnings	1.48	1.76	1.21	1.14	0.45
Fully diluted earnings	1.35	1.60	1.09	1.03	0.44
Funds generated by operations	2.74	2.90	2.17	2.54	1.55
Book value	10.88	9.80	8.43	7.53	6.68
Sales	40.35	41.70	40.34	38.76	36.83
Dividends	0.38	0.32	0.32	0.32	0.32
Total indebtedness net of cash	7.94	4.91	6.58	5.68	8.02
Net earnings as a % of sales	3.7%	4.2%	3.0%	2.9%	1.2%
Return on average shareholders' equity	14.3%	19.4%	15.1%	16.0%	6.8%
Return on average total assets	6.7%	8.7%	6.0%	5.8%	2.3%
Share price					
- high	21.80	21.50	19.00	16.75	9.00
- low	12.20	15.85	10.50	8.00	6.00
- close	12.80	19.10	17.75	16.50	8.25
Trading volume (in thousands)	1,022	1,896	1,296	2,235	1,400



LETTER from the Chairman of the Board

IN 2000, DESPITE DIFFICULT MARKET CONDITIONS FOR OUR INDUSTRY, SICO ACHIEVED SOME OF ITS BEST RESULTS EVER, AND COMPLETED ITS FIRST ACQUISITION IN SIX YEARS.

For the year ended December 29, 2000, we recorded net earnings of \$7.6 million or \$1.48 per share. Net earnings for fiscal 2000, although below the previous year's peak of \$9.1 million or \$1.76 per share, were more than 22% higher than those of fiscal 1998 and the past five-year average. Sico thereby posted a 14.3% return on average shareholders' equity, nearly achieving its 15% target. Furthermore, our shareholders enjoyed a 25% increase in dividends during the last fiscal year, which rose from \$0.32 to \$0.40 per common share on an annual basis.

In the last few years, we have met our commitment to create increased value for our shareholders basically through internal growth and improved operational efficiency. While the Canadian architectural paint industry has seen practically no growth in the past ten years, we have continuously moved forward by expanding SICO's family of products using technologies that are recognized around the world for their innovation, and by constantly enhancing the quality of our customer service along with our overall production and management methods.

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To increase the Company's core value, we also had to broaden our horizons and open up new avenues for long-term expansion. In particular, we have chosen to tap into the excellent potential offered by the transportation market by capitalizing on the know-how, cutting-edge technology and strong brand image associated with the SICO name. We have made great strides in this area in the past fiscal year, including the acquisition of part of Chemcraft International, Inc.'s activities, providing Sico with an additional edge to drive its future growth, increase the added value to its product offering, and raise its profile on the international scene.

Hence, we are looking to the future with confidence, determined to continue earning our shareholders' trust through a dynamic pursuit of our development strategy and rigorous management of the Company's assets. We will spare no efforts to gain recognition as the supplier of choice in the Canadian and world-wide paint industry, and to make the SICO name a synonym for quality and innovation in each of our markets. As in the past, we will build our success on developing high-quality, long-lasting business relations that are profitable for Sico and for its customers, whether retailers, professionals, or manufacturers. Always paying close attention to our customers' needs, we will provide them with high-performance, distinctive and strongly branded products, innovative marketing strategies and, of course, top-quality service.

On behalf of the Board of Directors, I wish to congratulate the management and staff of Sico for having met the past year's numerous challenges with such determination and skill, while never losing sight of our performance and quality objectives. I would also like to thank our customers and suppliers for sharing our vision of partnership and mutual success, and the Company's shareholders for their ongoing confidence. Lastly, I would like to thank the members of our Board of Directors for their sound advice. In particular, I wish to stress the outstanding contribution of Mr. Roger Néron who, after 24 years as a director, will be leaving Sico's Board in May. Over the course of these years, Mr. Néron has generously shared his vast expertise and his strategic and operational know-how with fellow Board members and with Sico's officers. My personal appreciation goes out to him for his commitment to Sico inc., his true generosity of spirit and his unfailing friendship.



A handwritten signature in dark ink, appearing to read 'Jean-Paul Lortie'.

Jean-Paul Lortie
Chairman of the Board

March 2001

MESSAGE from the President and Chief Executive Officer

*THE YEAR 2000 WAS CERTAINLY NOT EASY FOR CANADIAN ARCHITECTURAL
PAINT MANUFACTURERS, WHO WERE HIT BY BOTH SHARP PRICE INCREASES
OF CERTAIN RAW MATERIALS AND A WIDESPREAD DROP IN DEMAND.*

As for the rest of the industry, Sico's sales and profit margins suffered from such pressures. Despite a harsher than expected business environment, we nonetheless stood by our decision to intensify development efforts in

all of our target markets, mainly to promote our new "Cashmere" architectural paint among Canadian retailers, support the development of our Professional Sales sector and accelerate our Industrial Products Division's growth in North America and other parts of the world.

That proved to be the right decision, as borne out by the strategic gains achieved by each of our business units last year. The roll-out of "Cashmere," in particular, succeeded far beyond our expectations. By giving Sico a major new element for differentiation among Canadian consumers and retailers, "Cashmere" helped to increase the penetration of our national brand products outside Quebec, especially in Ontario. In addition, we significantly grew our sales and market share in the Quebec and Ontario Professional Sales sector, thanks to the addition of new sales outlets and a better focus on value-added products. I also wish to emphasize the outstanding work of our architectural paint production and distribution team who met last year's challenges with uncommon creativity, thereby succeeding in improving both productivity and customer service.

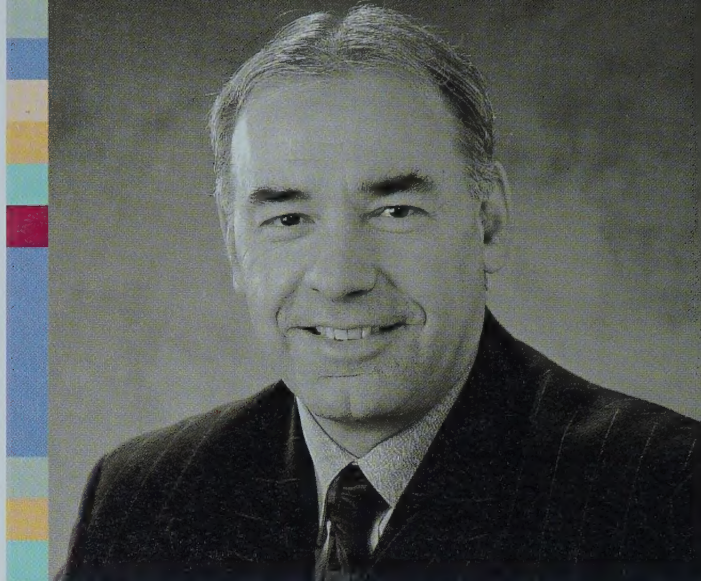
In 2000, our Industrial Products Division took a decisive step forward to position itself in targeted segments of the international market with a selective range of advanced technologies, consistent with the strategic orientation adopted a few years ago. Numerous accomplishments were achieved last year that bode well for Sico's future growth, including a first contract in the railway sector in China, steady development for the Sico-Becker S.A.S. joint venture in Europe, our promising inroads into the Canadian aerospace market and, more recently, the acquisition of Chemcraft International, Inc.'s industrial metal coatings sector. The Chemcraft transaction, in particular, will translate into a significant increase in our Industrial Products Division's annual revenues. This acquisition, which fits in perfectly with our strategic plan, will also help increase our profitability through a better focus of our R&D and marketing efforts.

Without a doubt, Sico's innovative industrial coating technologies represent our most natural and promising avenue for long-term growth, especially in the highly specialized and still fragmented transportation equipment market. Through further acquisitions and partnership agreements with industry leaders, we will strive to quickly build the critical mass that will make Sico a major player in North America, in Europe and, in the near future, in Asia.

In the short and medium term, the marketing of architectural paints in Canada will remain our core business and, by far, our main source of sales and earnings. While consolidating our leadership position in Quebec, our goal is to double our share of the Ontario market, in both the retail and professional sectors. The best way to continue expanding our client base and build customer loyalty is to ensure that consumers ask for products from the Sico family. Accordingly, we have fine-tuned our marketing strategies within a better integrated, national approach aimed at developing our fundamental asset, although not yet fully exploited outside Quebec: our brand image. Soon, all of our product lines will carry the "Sico inc." corporate logo, reflecting the breadth, know-how and credibility of Canada's largest architectural paint manufacturer. Our branding strategy will be supported by the launch of targeted brand image campaigns and creative merchandising concepts, as well as new technological advances in the "Cashmere" line.



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We are confident that fiscal 2001 will give rise to renewed growth in Sico's sales and earnings. Although the cost of petroleum by-products remains high, we expect our business environment to improve this year, as we will fully benefit from the selling price increases implemented in 2000 and early 2001, along with the major developments of the past fiscal year, including the expansion of our Industrial Products Division and Professional Sales sector and the introduction of our national brand products to a number of new retail customers across Canada.

Furthermore, we are beginning the new fiscal year with more sophisticated, yet better focused marketing strategies, that will be constantly adapted to market trends and opportunities. In each of our business units, we will continue to promote sales growth and higher profit margins by developing new technologies that create added value and long-term differentiation for Sico.

As in the last years, we will make every effort to optimize assets use and cost management while keeping the high standards of quality our customers have a right to expect. Finally, we will maintain among our priorities sound management of our human resources in order to cultivate throughout our organization the excellence and openness to changes that are indispensable to a constantly evolving company such as Sico.

Pierre Brodeur

President and Chief Executive Officer

March 2001



As a source of INSPIRATION, Sico has produced a new series of booklets for consumers, to help guide them through their decorating projects.

Architectural Paints

Retail Market

Further Penetration in Ontario

AFTER FIVE YEARS OF UNINTERRUPTED GROWTH, SICO'S RETAIL MARKET SALES FELL SLIGHTLY. THIS DECREASE CAN BE ATTRIBUTED PARTLY TO A DECLINE IN CONSUMER DEMAND CAUSED BY A NUMBER OF FACTORS, INCLUDING POOR WEATHER CONDITIONS IN THE SPRING AND SUMMER OF 2000. FURTHERMORE, UNCERTAINTY CREATED IN THE MARKET BY THE EXPANSION OF BIG BOX STORES LED MANY INDEPENDENT RETAILERS TO REDUCE THEIR INVENTORIES.

In spite of a general slowdown in demand, Sico's national brands continued to gain ground in Ontario. This performance was made possible by hiring additional resources, which allowed us to develop several new clients, mainly among painting and decorating specialty stores. Furthermore, in the spring of 2000, we introduced our "Sico Supreme" and "Cashmere" branded coatings in the Sears chain, which comprises 106 stores across Canada, a large number of which are in Ontario. It goes without saying that these additional points of sale provide Sico with a promising platform from which to increase its visibility and brand awareness outside Quebec, and to continue developing the outstanding potential of "Cashmere." A class by itself in premium coatings, "Cashmere" has already won the favour of thousands of consumers from St. John's to Vancouver, in addition to being awarded the Grand Gold Medal for Sico at the *World Quality Selection* competition held this year in Brussels.

Several additional innovations and improvements in our line of coatings and specialty products were brought about recently, supporting the roll-out of our national brands across Canada. For instance, we provided a stronger positioning and better differentiation of our "Crown Diamond" line through improved products and packaging, the addition of the "Perfection" line of premium coatings, and the launch of our www.peinturecrowndiamond.com Web site. We have also obtained excellent results with our new line of "Plastiflex" sealants, designed in response

to the growing use of products made from PVC and recycled plastics. Our new surface preparation system, "Polyprep," was expanded with eight new products, which contributed to over a 15% sales growth. Finally, another unique product was introduced on the market, "Corrostop Ultra," combining the attributes of an anti-rust paint and a plastic enamel. Available in a range of 1,000 colours, this exceptionally tough and versatile product may be used on wood or metal, for both interior and exterior applications.

Fiscal 2001 will give rise to further innovations in Sico's retail sector, with regard to product development, merchandising, and communications with customers and consumers. Keeping pace with our product development strategy put forward in recent years, we are currently fine tuning a series of new coatings that will make our product selection ever more attractive to consumers. In order to take full advantage of the strength and positive image of the Sico brand, it will be extended to our full range of products and supported by all of our communications and merchandising concepts. As part of this effort, we will be expanding our on-line strategy, including our Web site, www.sico.com, which greets over 20,000 visitors every month, and our existing communication and e-commerce tools for customers. New advertising and marketing vehicles will also be developed in order to promote our product lines and communicate Sico's know-how, innovations and achievements among consumers and customers as well.



Sico was selected to supply coatings for a number of large-scale projects, including the prestigious Cirque du Soleil's new International Head Office.

Photo: Eric Piché

Professional Sales Sector

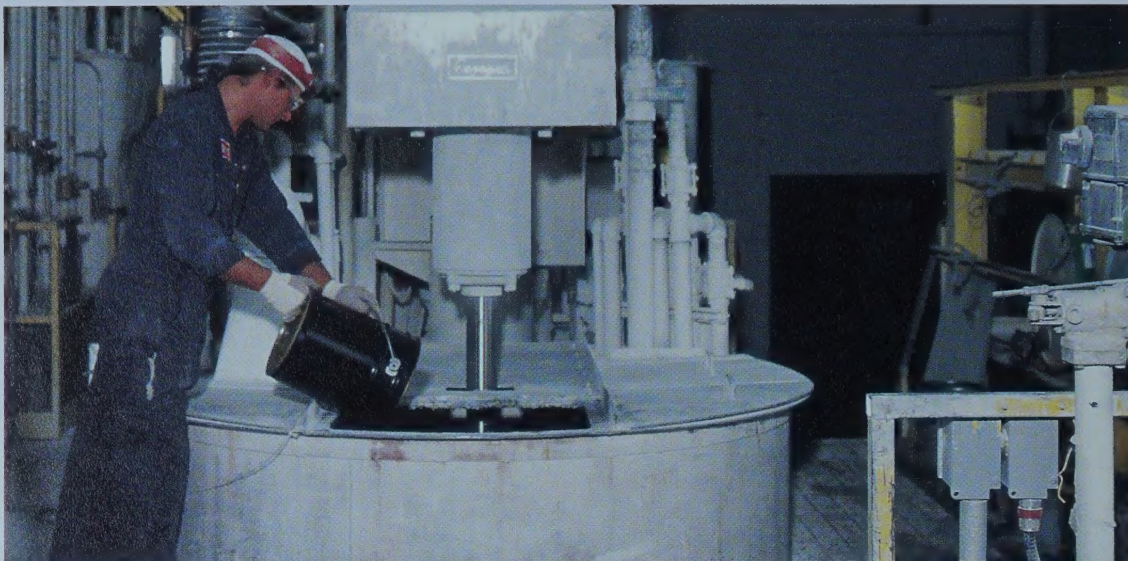
Steady Sales Growth and Expansion in Ontario

ONCE AGAIN, SICO ACHIEVED EXCELLENT RESULTS IN THIS SECTOR WHERE SALES CONTINUED TO CLIMB. SALES GROWTH WAS ESPECIALLY STRONG IN ONTARIO, IN SPITE OF OUR STRATEGIC WITHDRAWAL FROM SOME MARKET SEGMENTS TO CONCENTRATE ON HIGHER VALUE-ADDED PRODUCTS AND SERVICES, INTENDED MAINLY FOR PROFESSIONAL PAINTERS AND BUILDING MANAGERS. TWO PRO CENTRES OPENED DURING THE YEAR, BRINGING THEIR TOTAL NUMBER TO SEVEN: FIVE IN TORONTO AND TWO IN THE OTTAWA AREA.

Sico also continued to expand its customer base in the Quebec professional painters and building maintenance sector, as a result of a dynamic marketing of its flagship products such as sealants for professional applications, dry-fall paints for factories and warehouses, and our concrete protection system. Moreover, we were selected to supply coatings for a number of large-scale projects, including the prestigious Cirque du Soleil's new International Head Office. Our Professional Sales sector has set up a project management team equipped with specialized tools that enable Sico to closely monitor potential and existing projects, from the initial planning and tendering stages to final execution.

Sico's Professional Sales sector expects to accelerate its growth in 2001 thanks to a healthy business environment and the recent expansion of its sales network in Ontario. Several major construction projects are currently in progress in Montreal, which will be reaching the painting phase in the first half of the year. In Ontario, we will capitalize on a larger and more experienced sales organization to fine-tune our growth strategies and target new customer groups. We are also preparing to launch new value-added products, including a line of water-based anti-rust paints and quick-drying enamels.

Over the past six years, Sico has continuously improved the productivity and quality of its manufacturing and distribution operations.



Manufacture of Architectural Paint

Performance and Quality

AGAIN LAST YEAR, SICO INCREASED PRODUCTION IN TERMS OF LITRES PER PERSON/HOUR.

This performance was made possible through a series of targeted investments, that enabled us to improve production rates and reduce machine start-up times. Meanwhile, higher employee productivity and an overall improvement in our operational methods and practices helped minimize the impact of shipping surcharges resulting from higher fuel prices, and the smaller average size of orders. Higher costs of raw materials were also partially contained by means of strict inventory control and the ongoing efforts of our R&D team to optimize product formulations.

Fiscal 2000 was also a banner year in regard to workplace health and safety, with Sico recording its best performance ever. As well, a series of measures contributed to further improving our customer satisfaction rating, including more efficient operational procedures, better customer support and enhanced commercial planning, which enabled us to improve the just-in-time availability of finished products kept in inventory.

We are also pleased to report that all our manufacturing facilities, including those of the Industrial Products Division, are now ISO 9000-certified. Furthermore, all facilities are in compliance with existing environmental legislation, while it is our policy to invest regularly in preventive measures.

Fiscal 2001 will be another year of continuous improvement in Sico's operational methods and processes. To that effect, we plan to implement a substantive employee training program. In addition, we are currently studying a re-engineering project to optimize our distribution system. As a general rule, we will continue to focus on operational quality and productivity, cost control, employee well-being, and the development of new products using cutting-edge technology.

A Forward-Looking Organization

If there is one constant feature to Sico, it is change. Change is how we measure our ability to grow with every opportunity and challenge we meet. Over the past years, Sico has constantly adapted its structure and management tools to its growth objectives, not only with regard to its manufacturing processes and management systems and methods, but also in the area of human resources development. Our human resources management policies are regularly updated to ensure the Company's development and competitiveness, while providing for equity, transparency and continuous improvement. This is how we succeed in creating and maintaining a working atmosphere that is healthy, motivating, conducive to change and mutually beneficial for the Company and its employees.



With the acquisition of Chemcraft International, Inc.'s metal sector, Sico has become a supplier of high-performance, eco-friendly coatings for reputable customers such as VOLVO, which manufactures heavy vehicles.

Industrial Products

UNDERTOOK THREE

In North America, Sico continued to carry out a number of high-profile contracts in the rail sector, such as the Long Island Railway, the New York subway and Vancouver's SkyTrain. One of the highlights of the last fiscal year was the successful start-up of our operations in the aerospace market, which surpassed our expectations. In fact, Sico has become a significant supplier of aeronautical products less than a year after receiving approval for its "Acrythane Aviation" aircraft coatings technology from the Canadian Department of National Defence, Bombardier and the U.S. Air Force (MIL SPECS). Our aerospace sector has developed a solid customer base in the Montreal area, one of North America's major hubs of aeronautics companies. In addition to receiving our first orders to supply coatings for Canadian Forces F-18s, we have positioned ourselves with two major aircraft and landing gear manufacturers, along with some twenty aerospace subcontractors for which new products have been developed. With its "Acrythane Aviation" line, Sico is one of the few North American companies capable of meeting the extremely high technological requirements of civil, commercial and military aviation in terms of chemical resistance, flexibility,

durability and environmental friendliness. Our success to date proves that Sico can be competitive and develop its presence in this high-growth market. In coming years, we will strive to expand our business in North America first, and then look at developing the rest of the world market.

In December 2000, under a purchase and sale agreement between Sico and Chemcraft International, Inc., Sico acquired Chemcraft's production facilities in Brantford, Ontario, and its business in the industrial metal sector. In the same transaction, the Company sold Chemcraft its industrial wood coatings business, which will allow Sico to optimize its technological and marketing efforts in its field of excellence: specialty coatings for industrial metal components.

The Chemcraft acquisition fits in perfectly with Sico's strategic orientation. It will generate significant sales growth, particularly in the United States, in addition to offering excellent potential for synergy. Along with a highly qualified workforce and state-of-the-art facilities, it allowed us to integrate a prestigious and complementary

customer base in one of our target niches: off-road and specialty equipment. Furthermore, the acquisition adds new products which meet the most stringent environmental standards to our existing range of high-tech coatings. Our customers will therefore have access to an even wider line of state-of-the-art products, not only in North America, but also in Europe and in other parts of the world.

In Mexico, Pinturas Industriales Sicorel S.A. de C.V. continues to expand its customer base in the transportation market. In addition to trucking fleets and subway cars, a sector that we expect to pick up again in 2001, Sicorel has recently penetrated the bus coating market. As part of a Mexico City Transit Authority project for the construction of 1,500 vehicles, Sicorel has been awarded an exclusive contract with one of the two designated manufacturers, to supply coatings for at least 750 buses. This contract will help increase our visibility and credibility in the significant Mexican market.

On the international scene, the Industrial Products Division made a first and major inroad into the Chinese rail market. In August 2000, it was awarded a contract by BSP Transportation, a joint venture of Bombardier Inc., Power Corporation and Sifang Works, a rail car manufacturer owned by the Chinese Ministry of Railways, to supply coatings for 300 high-end cars for a passenger railway. Coating operations will start in China in August 2001,

to be completed in 2004. Carrying on Sico's partnership of several years with Bombardier, this contract opens a promising door to China's tremendous railway market, which is currently undergoing a major upgrading and expansion phase.

In Europe, having established itself as one of the major suppliers for the S.N.C.F. (Société Nationale des chemins de fer de France), our Sico-Becker S.A.S. joint venture was recently designated as the prime supplier for the RATP (Régie Autonome des Transports Parisiens), which runs the Paris metro and the regional railway system. Sico-Becker was chosen to supply most of the coatings requirements of the RATP, which is planning to refurbish some 1,200 cars in the next three years. Furthermore, Sico-Becker is in the final phase of receiving approvals from the S.N.C.B. (Société Nationale des chemins de fer de Belgique) in Belgium. Such developments further heighten Sico-Becker's profile within the European rail industry, where we intend to expand our presence through both internal development and acquisitions.

All in all, fiscal 2000 was a pivotal year for Sico's Industrial Products Division, which paved the way to accelerated growth by developing a more focused market approach, a broader technological platform, and a wider circle of prestigious customers and partners.

MD&A of Operating Results and Financial Position

Operating Results

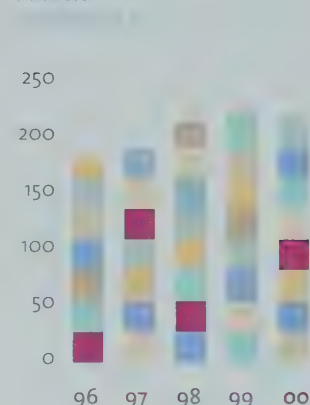
For the fiscal year ended December 29, 2000, Sico's sales totalled \$206.9 million, compared to \$214.1 million in 1999 and \$206.1 million in 1998. This 3.3% decline is mainly due to a decrease in sales volume for architectural paints in the Quebec retail market. It should be noted, however, that our sales in this market were exceptionally high in the fourth quarter of fiscal 1999 following the introduction of Sico's national brand products in a major megastore chain. To a lesser degree, the decrease in Sico's sales for fiscal 2000 also reflects our Industrial Products Division's termination of coil coatings operations during fiscal 1999, and lower sales volume for the Hancock network in the United States. We are currently looking at various alternatives to optimize our investment in this subsidiary. Conversely, last year, Sico posted significant growth in its national brand paints sales to retailers in Ontario, as well as in its coatings and specialty products sales in the Quebec and Ontario Professional Sales sector.

Sico's earnings before depreciation and amortization, interest, income taxes and shares in the results of affiliated companies (EBITDA) amounted to \$19.9 million in 2000, compared to \$22.7 million in 1999 and \$16.3 million in 1998. Besides a lower sales volume, the 12.3% decline in EBITDA for fiscal 2000 is attributable to a sharp price increase of titanium dioxide and petroleum-based raw materials, and to shipping surcharges resulting from soaring fuel prices. These higher costs were only partly offset by the selling price increase implemented in some market segments in fiscal 2000. Furthermore, despite a stronger focus on value-added products, the Industrial Products Division invested substantial efforts to develop its market share and to complete the transfer of its formerly Ontario-based operations to the Longueuil plant. On the other hand, Sico's profitability benefited from a significant decrease in administrative costs.

Sico also benefited from a \$0.6 million or 11.1% reduction in depreciation and amortization expenses, while financial expenses were down \$0.2 million or 11.3%, thanks to effective management of working capital and a lower average indebtedness than in 1999. As a result, the Company posted earnings before income taxes and share in the results of affiliated companies of \$13.4 million, compared to \$15.4 million in 1999 and \$9.0 million in 1998. The effective tax rate stood at 42.2% in 2000 compared to 40.8% in 1999, due to a provision for future contributions. Lastly, our share in the results of affiliated companies produced a loss of \$0.2 million, due to the extensive marketing efforts made by our two joint-ventures: Sico-Becker S.A.S. in Europe and Pinturas Industriales Sicorel S.A. de C.V. in Mexico.

Hence, Sico closed fiscal 2000 with net earnings of \$7.6 million compared to \$9.1 million in 1999 and \$6.2 million in 1998. Earnings per share amounted to \$1.48 (\$1.35 on a fully diluted basis) versus \$1.76 (\$1.60 fully diluted) in 1999, and \$1.21 (\$1.09 fully diluted) in 1998. Considering the share redemptions carried out under our normal course issuer bid, the average number of common shares outstanding was down slightly, from 5,132,676 in 1999 to 5,127,799 in 2000.

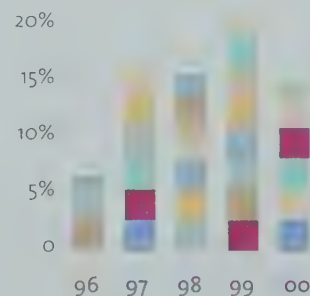
SALES



NET EARNINGS



RETURN ON AVERAGE SHAREHOLDERS' EQUITY



FUNDS GENERATED BY OPERATIONS



Principal Cash Flows

Funds generated by operations amounted to \$14.0 million or \$2.74 per share in 2000, compared with \$14.9 million or \$2.90 per share in 1999. After net changes in non-cash working capital items, excluding those related to the Chemcraft transaction, operating activities for fiscal 2000 generated net cash of \$8.7 million, which was used to partly cover funding requirements, including:

- the purchase of \$3.5 million in new fixed assets (excluding the acquisition of Chemcraft's fixed assets) to upgrade our manufacturing processes and information systems;
- the business acquisition arising from the Chemcraft transaction, for a consideration of \$16.8 million (excluding the purchase price balance of \$2.1 million);
- a \$0.9 million increase in other assets (excluding those acquired from Chemcraft), related mainly to the development of Sico's colour system;
- the repayment of \$1.8 million of long-term debt (excluding the conversion of \$17 million in bank loans into long-term debt);
- the payment of \$1.9 million, or \$0.38 per share, in dividends on common shares; and
- the redemption, under our normal course issuer bid, of 94,900 common shares at an average price of \$15.40, for a total consideration of \$1.5 million.

SHAREHOLDERS' EQUITY



Sico collected \$0.6 million upon issuing 52,368 common treasury shares to employees and directors of the Company, and following the exercise of stock options held by officers.

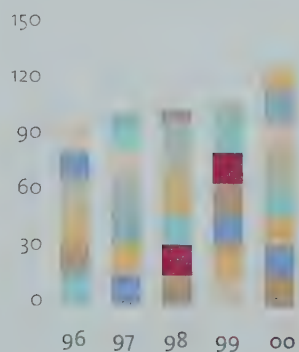
The highlight of the year was the purchase and sale agreement signed on December 20, 2000, with Chemcraft International, Inc., based in North Carolina. Under this agreement, Sico acquired Chemcraft's production facilities and business activities in the industrial metal coatings sector, including a plant in Brantford, Ontario. The total cost of the acquisition was \$19.6 million, comprising \$7.0 million in fixed assets, \$11.0 million in goodwill and \$1.6 million in inventories. As well, Sico sold Chemcraft its business operations and inventories in the industrial wood coatings sector for a consideration of \$2.5 million. The net investment was financed with long-term debt. In this regard, upon maturity of the revolving period of its term credit in the second quarter, Sico converted \$17 million of operating credit into long-term debt.

The aforementioned cash outlays and inflows used total funds of \$3.0 million. Consequently, on December 29, 2000, Sico had a bank overdraft of \$0.1 million as compared to a cash surplus of \$2.9 million as at December 31, 1999.

Financial Position

At year-end, Sico benefited from a very sound balance sheet. Working capital amounted to \$33.8 million for a current ratio of 2.1:1. The net value of fixed assets rose from \$32.2 million to \$38.8 million in the last fiscal year. This increase is basically attributable to the acquisition completed at the end of the year, since capital expenditures for the year were lesser than amortization and depreciation expenses.

TOTAL ASSETS



Shareholders' equity grew by 10.1% to \$55.4 million or \$10.88 per common share, compared with \$50.3 million or \$9.80 per share at the end of the previous fiscal year. Taking into account the debt restructuring of the second quarter and the December 2000 acquisition, long-term debt, including the current portion, rose from \$15.0 million for a long-term debt/equity ratio of 0.30:1 as at December 31, 1999, to \$30.2 million for a long-term debt/equity ratio of 0.55:1 as at December 29, 2000. Adding preferred shares, bank loans and overdraft, but deducting cash, Sico's total net indebtedness went from \$25.2 million at the end of fiscal 1999, representing 33% of total invested capital, to \$40.4 million or 42% of invested capital at the end of fiscal 2000.

Outlook, Requirements and Sources of Funds in 2001

Sico expects to see sales grow in fiscal 2001, which will stem largely from the activities acquired from Chemcraft. We will also benefit for the full period from the new customer base developed during the last fiscal year, while all of our business units will continue to expand their respective market shares. Furthermore, a selling price increase for our architectural paints was implemented in certain market segments at the end of January 2001, which will help to partly offset the higher cost of titanium dioxide and petroleum by-products. Despite the increase in amortization, depreciation and interest expenses arising from the acquisition of assets in the Industrial Products Division's metal sector, our overall performance will benefit from the integration of this profitable operational base and the synergies it will generate. Finally, we will maintain a tight cost control throughout our organization.

We have planned capital expenditures equal to depreciation expenses for fiscal 2001. Sico will also repay \$5 million in long-term debt. Finally, we intend to maintain our dividend policy and our share redemption program under the normal course issuer bid. Funds generated by operations in 2001 will be sufficient to meet these funding requirements.

Risks and Uncertainties

As Sico continues to expand its operations outside Canada, a growing proportion of its business will be carried out in currencies other than the Canadian dollar. As a result, exchange rate fluctuations could affect the Company's operations and financial results. Sico strives to minimize the effects of such fluctuations through sound business practices. For the coming fiscal year, the Company expects to have slightly higher outlays than receipts in U.S. dollars. As is the case for its industry as a whole, Sico's performance is subject to the cyclical nature of the home improvement market, which accounts for most of its revenues. The Company tends to reduce this risk by diversifying its geographic presence in North America and by gradually expanding its business in the industrial applications sector. The world paint industry must also contend with the growing concentration of suppliers of certain raw materials, which can lead to an upward trend in raw material prices. Aside from steadily increasing its buying power, Sico mitigates this risk by constantly improving its raw material supply and management practices.

Over the past two years, Sico has implemented a contingency plan to protect itself from possible disasters or emergencies that could affect its operational sites (plants, warehouses, laboratories and technical services) or administrative units. This plan is regularly updated to reflect the Company's development.



Jean Ouellet, CA

Vice-President, Finance and Treasurer

March 2001

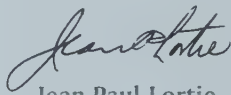
MANAGEMENT'S REPORT Related to the Consolidated Financial Statements

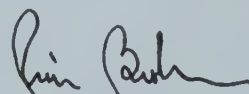
The consolidated financial statements of Sico inc. and the financial information in this annual report are the responsibility of management and have been approved by the Board of Directors. These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada and are considered to fairly present the financial position, results of operations and cash flows of the Company. As required, management has made informed judgments and estimates of the expected effects of current events and transactions with appropriate consideration to materiality. Furthermore, management has prepared financial information presented elsewhere in the annual report and has assured that it is consistent with that in the financial statements.

In meeting its responsibility for the integrity of the financial information provided in this annual report, management relies on the internal control system of the Company. The purpose of this system is to provide reasonable assurance that assets are safeguarded, transactions are properly recorded and carried out in accordance with the support of management, and financial records are reliable for preparing the financial statements. No system of internal control can detect and prevent all errors or irregularities. However, in the opinion of management, the system in place provides an acceptable balance between the advantages it can offer and the related costs.

The Board of Directors carries out its responsibility for the consolidated financial statements in this annual report principally through its Audit Committee, consisting solely of non-executive directors. The Committee meets periodically with management and with the external auditors to examine the activities of each party and the manner in which the respective responsibilities of each party are carried out. The external auditors have full access to the Committee, with and without management being present, to discuss the scope of their audit, and the adequacy of the internal control system and of the financial information. The Committee has examined the financial statements and has recommended their approval to the Board of Directors.

The external auditors appointed by the shareholders, Samsom Bélair/Deloitte & Touche, Chartered Accountants, are responsible for independently auditing the financial statements in accordance with Canadian generally accepted auditing standards and expressing an opinion on these statements. Their report follows below.


Jean-Paul Lortie
Chairman of the Board

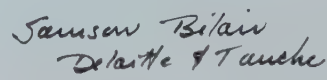

Pierre Brodeur
President and Chief Executive Officer

AUDITORS' REPORT to the Shareholders of Sico inc.

We have audited the consolidated balance sheets of Sico inc. as at December 29, 2000 and December 31, 1999 and the consolidated statements of earnings, retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 29, 2000 and December 31, 1999 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.


Samsom Bélair
Deloitte & Touche
Chartered Accountants
February 16, 2001

CONSOLIDATED STATEMENTS OF EARNINGS

Years ended December 29, 2000 and December 31, 1999
(in thousands of dollars except per share amounts)

	2000	1999
	\$	\$
Sales	206,934	214,057
Cost of sales and operating expenses	187,061	191,402
	19,873	22,655
Depreciation and amortization (Note 12)	5,143	5,782
	14,730	16,873
Financial expenses (Note 13)	1,332	1,502
	13,398	15,371
Income taxes (Note 14)	5,661	6,264
	7,737	9,107
Share in the results of affiliated companies	(167)	(51)
Net earnings	7,570	9,056
Net earnings per common share		
Basic	1.48	1.76
Fully diluted	1.35	1.60

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

Years ended December 29, 2000 and December 31, 1999
(in thousands of dollars)

	2000	1999
	\$	\$
Balance at beginning	36,614	30,150
Adjustment for change in accounting policy (Note 2)	357	—
As restated	36,971	30,150
Net earnings	7,570	9,056
Dividends on common shares	(1,948)	(1,644)
Premium on share redemption	(1,209)	(948)
Balance at end	41,384	36,614

CONSOLIDATED BALANCE SHEETS

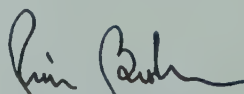
As at December 29, 2000 and December 31, 1999
(in thousands of dollars)

	2000 \$	1999 \$
Assets		
Current assets		
Cash	—	2,888
Accounts receivable	22,715	23,103
Inventories (Note 4)	37,384	33,473
Prepaid expenses	4,634	4,791
	64,733	64,255
Long-term receivables (Note 5)	1,044	1,046
Investments	214	510
Fixed assets (Note 6)	38,820	32,173
Other assets (Note 7)	17,431	6,808
	122,242	104,792
Liabilities		
Current liabilities		
Bank overdraft	121	—
Bank loan (Note 8)	6,304	9,268
Accounts payable and accrued liabilities	17,387	16,759
Balance of purchase price, without interest	2,110	—
Income taxes	2	3,507
Current portion of long-term debt (Note 9)	5,000	1,250
	30,924	30,784
Long-term debt (Note 9)	25,196	13,750
Future income taxes	6,127	5,534
Deferred revenues	805	636
Preferred Class B shares (Note 11)	3,800	3,800
	66,852	54,504
Shareholders' equity		
Capital stock (Note 11)	14,006	13,674
Retained earnings	41,384	36,614
	55,390	50,288
	122,242	104,792

Approved by the Board,



Jean-Paul Lortie
Director



Pierre Brodeur
Director

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 29, 2000 and December 31, 1999
(in thousands of dollars except per share amounts)

	2000 \$	1999 \$
Operating activities		
Net earnings	7,570	9,056
Items not affecting cash and cash equivalents		
Depreciation and amortization	5,143	5,782
Future income taxes	950	1
Share in the results of affiliated companies	167	51
Other	200	17
Funds generated by operations	14,030	14,907
Net change in non-cash operating working capital items (Note 16)	(5,341)	(1,863)
	8,689	13,044
Investing activities		
Acquisition of fixed assets	(3,474)	(2,479)
Business acquisition (Note 3)	(16,759)	—
Other	(872)	(241)
	(21,105)	(2,720)
Financing activities		
Bank loan	14,036	(5,881)
Reduction in long-term debt	(1,804)	(44)
Issue of common shares	589	894
Redemption of common shares	(1,466)	(1,111)
Dividends on common shares	(1,948)	(1,644)
	9,407	(7,786)
Change in cash and cash equivalents	(3,009)	2,538
Cash position, beginning of year	2,888	350
Cash position, end of year	(121)	2,888
Funds generated by operations per share	2.74	2.90
Supplemental information		
Interest paid	2,170	2,148
Dividend on preferred shares paid	273	249
Income taxes paid	8,216	3,562

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 29, 2000 and December 31, 1999

1. Status and nature of business

The Company, incorporated under Part IA of the *Companies Act* (Québec), manufactures and distributes paints and coatings.

The Company's financial year ends on the last Friday of December.

2. Summary of significant accounting policies

Consolidation

The consolidated financial statements include the accounts of the Company and those of its subsidiaries.

Inventories

Raw materials are valued at the lower of cost and replacement value while finished goods are valued at the lower of cost and net realizable value. The cost of inventories is determined substantially on an average cost basis. The cost of finished goods includes the laid-down cost of material plus the applicable share of labour and overhead expense chargeable to production.

Cash and cash equivalents

Cash and cash equivalents include cash, net of bank overdraft.

Investments

The investments in affiliated companies are accounted for under the equity method.

Fixed assets

Fixed assets are recorded at cost and depreciated using the straight-line method, mainly at the following annual rates:

Land improvements	4% to 10%
Buildings	2 1/2% to 6 2/3%
Machinery and equipment	6 2/3% to 33 1/3%

Other assets

Other assets comprise goodwill and deferred charges.

Goodwill is recorded at cost and amortized on a straight-line basis over a period not exceeding twenty years. Management estimates the value of goodwill at the end of the year on the basis of estimated cash flows related to the concerned operations. A provision would be made if the sum of cash flows were lower than the net book value.

Deferred charges are recorded at cost and amortized on a straight-line basis at rates varying from 10% to 33 1/3%.

Income taxes

On January 1, 2000, the Company adopted the recommendations of the Canadian Institute of Chartered Accountants ("CICA") Handbook section 3465, Income taxes, which replaces the deferral method with the liability method of tax allocation. The Company applied the recommendations retroactively without restating prior years.

Future income taxes relate to the expected future tax consequences of differences between the carrying amount of balance sheet items and their corresponding tax values. Future tax assets are recognized only to the extent that, in the opinion of management, it is more likely than not that the future income tax assets will be realized. Future income tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment or substantive enactment.

The change resulted in an increase in retained earnings and a decrease in future income taxes by an amount of \$357,000 on January 1, 2000.

Foreign currency translation

a) Canadian operations

Monetary items are translated using the year-end exchange rate. The variation resulting from the translation of working capital items is charged to earnings; the variation resulting from the translation of long-term debt is deferred and amortized over the remaining debt term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 29, 2000 and December 31, 1999

2. Summary of significant accounting policies (cont'd)

Foreign currency translation (cont'd)

b) US subsidiary

Monetary items are translated at the exchange rate in effect at the year-end; non-monetary items are translated at historical exchange rates; and revenue and expense items are translated at the average rate of exchange of the periods to which they relate. The variation resulting from these translations is accounted for in earnings.

Employee future benefits

On January 1, 2000, the Company adopted the recommendations of the CICA Handbook Section 3461, Employee Future Benefits. This standard requires companies to accrue the costs of post-retirement benefits other than pensions over the expected working lives of employees in a manner similar to pension costs. The standard also requires a change in the discount rate used to value liabilities and service costs from an estimated long-term interest rate to a market-based interest rate. The adoption of the recommendations of Section 3461 did not have a material effect on the consolidated financial statements of the Company.

Net earnings per common share

Basic earnings per share were calculated based on the average number of common shares outstanding during the years: 5,127,799 in 2000 and 5,132,676 in 1999.

Fully diluted earnings per share are calculated by adjusting the basic earnings with the after-tax profit which would have resulted from the investment of the additional funds that the Company would have received from the exercise of stock options. This fully diluted earnings per share amount is calculated on the weighted average number of shares that would have been outstanding had all the stock options been exercised at the date of granting: 5,759,058 in 2000 and 5,792,012 in 1999.

3. Business acquisition

On December 20, 2000, the Company acquired Chemcraft International, Inc.'s production facilities and business operations in the industrial metal coatings sector.

The acquisition was accounted for using the purchase method.

(in thousands of dollars)	\$
Inventories	1,629
Machinery and equipment	1,506
Land	502
Building	5,020
Goodwill	10,939
Accounts payable and accrued liabilities	(727)
	18,869
Consideration	
Paid in cash	16,759
Balance of purchase price, without interest	2,110
	18,869

4. Inventories

(in thousands of dollars)	2000	1999
	\$	\$
Raw materials	5,722	4,106
Finished goods	31,662	29,367
	37,384	33,473

5. Long-term receivables

(in thousands of dollars)	2000	1999
	\$	\$
Loans to members of senior management for the purchase of outstanding shares, bearing interest at a rate of 5%, receivable over a maximum period of 10 years	1,035	1,041
Loan to a member of senior management for the purchase of outstanding shares, without interest, receivable over a maximum period of five years	9	15
	1,044	1,056
Current portion	—	10
	1,044	1,046

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 29, 2000 and December 31, 1999

6. Fixed assets

	2000		1999	
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
(in thousands of dollars)	\$	\$	\$	\$
Land and improvements	2,590	296	2,294	1,823
Buildings	26,056	7,727	18,329	13,461
Machinery and equipment	41,481	24,994	16,487	15,194
Properties for sale	1,710	—	1,710	1,695
	71,837	33,017	38,820	32,173

7. Other assets

	2000		1999	
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
(in thousands of dollars)	\$	\$	\$	\$
Deferred charges				
Colour systems	6,150	5,638	512	54
Management information system	2,579	2,579	—	515
Other	5,490	3,180	2,310	2,298
	14,219	11,397	2,822	2,867
Goodwill	17,559	2,950	14,609	3,941
	31,778	14,347	17,431	6,808

8. Bank loan

The bank loan is governed by the borrowing agreements described in Note 9.

During the year, a loan's portion of \$17 million was converted into long-term debt.

9. Long-term debt

	2000	1999
(in thousands of dollars)	\$	\$
Loans, bearing interest at variable rates usually not exceeding prime rate, refundable in quarterly instalments of \$1,250,000. The average interest rate at December 29, 2000 was 6.9%	30,196	15,000
Current portion	5,000	1,250
	25,196	13,750

Estimated principal payments required in the next years are as follows:

(in thousands of dollars)		\$
	2001	5,000
	2002	5,000
	2003	20,196

The loan agreements contain covenants pertaining mainly to securities which may be given, long-term assets which may be disposed of, and financial ratios which are to be attained so that the Company is not required to give specific securities.

10. Financial instruments

The book values of cash, accounts receivable, bank overdraft and loan, accounts payable and accrued liabilities, balance of purchase price, and long-term debt are similar to the fair values.

11. Capital stock

Authorized

Preferred shares, without par value

An unlimited number of Class A shares, non-voting except upon default of payment of at least eight quarterly dividends, issuable in series, bearing the features stated in articles of amendment authorized by future by-laws.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 29, 2000 and December 31, 1999

11. Capital stock (cont'd)

Authorized (cont'd)

1,381,819 Class B shares, voting, non-participating, non-cumulative dividend subordinated to the dividend on common shares, equal to the lesser of 10% of paid-in value and the amount of dividends paid on common shares, redeemable at the option of the Company or the holder of such shares at average paid-in value. For the years 1997 to 2000, the holder has agreed to reduce the dividend to the average prime rate of the month preceding the declaration of the dividend, plus 0.05%.

An unlimited number of common shares, without par value

	2000	1999
(in thousands of dollars)	\$	\$
Issued		
5,090,497 Common shares (5,133,029 in 1999)	14,006	13,674
1,381,819 Preferred Class B shares redeemable, classified as liabilities	3,800	3,800

Summary of common share transactions:

	Number	Amount
(Amount in thousands of dollars)		\$
Shares issued, December 25, 1998	5,112,143	12,943
Exercise of stock options	75,455	743
Stock purchase plan for employees and directors	7,831	151
Redemption of shares	(62,400)	(163)
Shares issued, December 31, 1999	5,133,029	13,674
Exercise of stock options	31,800	309
Stock purchase plan for employees and directors	20,568	280
Redemption of shares	(94,900)	(257)
Shares issued, December 29, 2000	5,090,497	14,006

The stock option plan has evolved during the years as follows:

	2000		1999	
	Number of options	Weighted average exercise price per share \$	Number of options	Weighted average exercise price per share \$
Outstanding at beginning of year	654,783	10.05	725,073	9.72
Granted	—	—	32,041	16.81
Exercised or forfeited	(32,813)	9.63	(102,331)	9.81
Outstanding at end of year	621,970	10.07	654,783	10.05

A number of 621,970 common shares are reserved to be granted to designated members of management and administrators under the Stock Option Plan. Options held at year-end were as follows:

	Number of shares outstanding	Number of shares exercisable	Weighted average exercise price per share \$	Remaining contractual life (years)
	30,222	30,222	9.75	1
	32,375	32,375	8.00	1
	46,193	46,193	10.50	2
	35,482	35,482	13.75	3
	22,523	22,523	10.00	4
	29,104	29,104	8.87	5
	44,578	44,578	6.55	6
	200,000	200,000	8.30	6
	78,000	62,400	10.50	7
	71,452	57,156	13.25	7
	14,844	5,936	16.00	9
	17,197	6,876	17.50	9
	621,970	572,845	10.07	5

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 29, 2000 and December 31, 1999

12. Depreciation and amortization

	2000	1999
(in thousands of dollars)	\$	\$
Fixed assets	3,687	3,584
Other assets	1,498	2,240
Deferred revenues	(42)	(42)
	5,143	5,782

13. Financial expenses

	2000	1999
(in thousands of dollars)	\$	\$
Interest on long-term debt	1,565	1,001
Other interest	587	1,193
Dividends on preferred Class B shares	273	249
Cash discounts	(1,093)	(941)
	1,332	1,502

14. Income taxes

	2000	1999
(in thousands of dollars)	\$	\$
Current income taxes	4,711	6,263
Future income taxes	950	1
	5,661	6,264

The Company's effective income tax rate is calculated as follows:

	2000	1999
	%	%
Combined income tax rate	39.2	39.2
Increase (decrease) in rate resulting from:		
Manufacturing and processing profit deduction	(4.0)	(3.8)
Dividends on preferred shares	0.8	0.6
Non-deductible expenses	1.8	2.3
Other	4.4	2.5
Effective income tax rate	42.2	40.8

On December 29, 2000, the future income taxes detail as follows:

(in thousands of dollars)	\$
Future income tax assets	
Tax benefits on losses	4,258
Future income tax liabilities	
Fixed assets	4,252
Goodwill	965
Other assets	996
Other	(86)
	6,127
Valuation allowance	4,258
Future income taxes, net	6,127

As at December 29, 2000, the US subsidiaries have tax losses for an amount of approximately US\$11,059,000. These losses may be used to reduce taxable income up to the year 2020.

15. Research and development costs

Research and development costs amount to \$3,022,000 for the year (\$2,923,000 in 1999). Some of these costs qualify for tax credits of \$339,000 (\$324,000 in 1999) which are applied against these costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 29, 2000 and December 31, 1999

16. Net change in non-cash operating working capital items

	2000	1999
(in thousands of dollars)	\$	\$
Accounts receivable	388	(3,751)
Inventories	(2,282)	921
Prepaid expenses	157	248
Accounts payable and accrued liabilities	(99)	(1,982)
Income taxes	(3,505)	2,701
	(5,341)	(1,863)

17. Commitments

The long-term operating leases for premises and equipment as well as other commitments in force as at December 29, 2000, comprise the following annual minimum payments and contain the usual clauses pertaining to taxes, insurance and other expenses:

(in thousands of dollars)		\$
	2001	2,201
	2002	1,704
	2003	1,404
	2004	1,055
	2005	601

18. Employee future benefits

The Company and its subsidiaries maintain primarily final pay defined benefit pension plans for most of their employees.

Information about the Company's defined benefit plans, in aggregate, is as follows:

	2000 Pension plans \$	1999 Pension plans \$	2000 Other plans \$
(in thousands of dollars)			
Accrued benefit obligation			
Balance at beginning	43,767	41,475	701
Service cost	1,888	1,817	20
Benefits paid	(2,705)	(2,549)	(55)
Interest cost	3,186	3,024	50
Experience loss	-	-	112
Balance at end	46,136	43,767	828
Plan assets			
Fair value at beginning	49,090	46,098	-
Contributions	1,344	1,284	55
Benefits paid	(2,705)	(2,549)	(55)
Actual return on plan assets	7,823	4,257	-
Fair value at end	55,552	49,090	-
Funded status – plan surplus (deficit)	9,416	5,323	(828)
Unamortized net actuarial loss (gain)	(8,442)	(4,446)	762
Accrued benefit asset (liability)	974	877	(66)
Valuation allowance	(1,253)	(1,464)	-
Accrued benefit liability net of valuation allowance	(279)	(587)	(66)
Information about underfunded plans			
Accrued benefit obligation	2,450	12,081	828
Fair value of plan assets	-	9,193	-
	(2,450)	(2,888)	(828)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 29, 2000 and December 31, 1999

18. Employee future benefits (cont'd)

The significant actuarial assumptions adopted in measuring the Company's accrued benefit obligations are as follows (weighted average assumptions):

	2000 Pension plans %	1999 Pension plans %	2000 Other plans %
Discount rate	6.8	7.3	6.5
Expected long-term rate of return on plan assets	7.4	7.4	—
Rate of compensation increase	4.0	4.5	3.5

For measurement purposes, a 12% annual rate of increase in the per capita cost of covered health care benefits was assumed for 2001. The rate was assumed to decrease gradually to 7.5% for 2007 and remain at that level thereafter.

	2000 Pension plans \$	1999 Pension plans \$	2000 Other plans \$
(in thousands of dollars)			
Net benefit plan expense			
Service cost	1,064	1,023	20
Interest cost	3,186	3,024	50
Expected return on plan assets	(3,565)	(3,350)	—
Amortization of transitional obligation	(286)	—	51
Amortization of actuarial loss	24	—	—
Adjustment of the valuation allowance on accrued benefit obligation	(211)	(324)	—
	212	373	121

19. Segmented information

As defined in Section 1701 of the Canadian Institute of Chartered Accountants Handbook, segments correspond to the Company's internal organizational structure. Each business unit, except for the Head office segment, includes manufacturing, sales and distribution of paints and coatings. Management of cash and cash equivalents as well as other activities related to the corporate strategies with regards to manufacturing and market development are part of the Head office segment. The allocation of the expenses of this segment would not assist in the evaluation of the other segments' contribution.

	Architectural \$	Industrial coatings \$	Head office \$	Total \$
(in thousands of dollars)				
2000				
Sales	177,187	29,747	—	206,934
Earnings before interest, income taxes and share in the results of affiliated companies	24,982	1,079	(11,331)	14,730
Depreciation and amortization	2,989	479	1,675	5,143
Assets	81,534	35,603	5,105	122,242
1999				
Sales	182,622	31,435	—	214,057
Earnings before interest, income taxes and share in the results of affiliated companies	29,116	1,969	(14,212)	16,873
Depreciation and amortization	3,670	549	1,563	5,782
Assets	79,151	16,927	8,714	104,792

Geographic information

	Canada		Other countries		Total	
	Sales	Assets	Sales	Assets	Sales	Assets
(in thousands of dollars)	\$	\$	\$	\$	\$	\$
2000	192,439	93,095	14,495	29,147	206,934	122,242
1999	197,586	95,644	16,471	9,148	214,057	104,792

BOARD OF DIRECTORS

Jean-Paul Lortie ^{(1) (3)}
Chairman of the Board
Sico inc.

Pierre Brodeur ⁽¹⁾
President and
Chief Executive Officer
Sico inc.

Jean-Paul Barré ⁽²⁾
Vice-Chairman of the Board
and President
Lassonde Industries Inc.

Normand Bastien
Treasurer
159585 Canada Inc.

André Julien
Management Consultant

Pierre LaRue, c.r. ^{(1) (3)}
Counsel
Desjardins Ducharme Stein
Monast

Anièle Lecoq
Management Consultant

Denise Lortie ⁽²⁾
Vice-President
Gosselin-Lortie Group,
Sport Experts franchisee

Pierre Martin ⁽¹⁾
President and
Chief Executive Officer
Alstom Canada Inc.

Roger Néron ⁽³⁾
Chairman of the Board
C.F.C. International Inc.

Yves Rheault ⁽²⁾
Vice-Chairman of the Board
Vice-President,
Business Development
Boralex Inc.

OFFICERS

Jean-Paul Lortie
Chairman of the Board

Pierre Brodeur
President and
Chief Executive Officer

Martine Bazinet
Secretary and General Counsel

Denis Blanchette
Vice-President and
General Manager
Industrial Products Division

Claude Brosseau
Vice-President,
Professional Sales Sector

Richard Côté
Vice-President, Human Resources

Pierre Dufresne, CA
Vice-President,
Sales and Marketing,
Retail Sector

Yves Gosselin
Vice-President, Operations

Jean Ouellet, CA
Vice-President,
Finance and Treasurer

CORPORATE INFORMATION

for Shareholders and Investors

Administration
2505 de la Métropole Street
Longueuil, Québec
J4G 1E5
Telephone: (514) 527-5111
Fax: (450) 651-1257
Web site: www.sico.com

Head Office
3280 Sainte-Anne Boulevard
Beauport, Québec
G1E 3K9

Listing
The common shares of the
Company are listed on the Toronto
Stock Exchange under the ticker
symbol SIC with a CUSIP number
82585G 10 5.

Transfer Agent and Registrar
General Trust of Canada
Montreal, Quebec

Auditors
Samson Bélair/Deloitte & Touche
Montreal, Quebec

Financial Communications
Lefebvre Financial
Communications Inc.

Annual Information Form
Shareholders may obtain a copy
of the Annual Information Form
by writing to the General Counsel
of Sico Inc.

Annual General Meeting
The Annual General Meeting
of Shareholders
will be held on
May 15, 2001 at 10:00 a.m.,
at the Hotel Omni Montreal
Pierre-de-Coubertin Room
1050 Sherbrooke Street West
Montreal, Quebec.

*Ce rapport est également
disponible en français.*

⁽¹⁾ Member of the Executive Committee

⁽²⁾ Member of the Audit Committee

⁽³⁾ Member of the Human Resources
and Corporate Governance Committee

